

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, AUGUST 10, 2015 – 4:00 P.M.**

AGENDA

1. Call to Order/Roll Call
2. Approval of Agenda
3. Consent Agenda
 - a. Approval of Minutes
 - b. Approval of Bills/Purchase Orders
 - c. Approval of Investments
 - d. Delinquent Accounts Report
 - e. Charged Off Accounts/Accounts Collected
4. Reports
 - a. Utilities Fund Financial Quarterly Report
5. Action Items
 - a. SEH Contracted Services
 - b. Pay Request - Southwest Substation - Harold K Scholz Co
 - 1) Pay Request No. 1
 - 2) Pay Request No. 2
 - c. Initiative Foundation Donation Request
 - d. Circuit 4E Underground Electric Distribution
 - e. Pay Request No. 3 – 2015 Electric Distribution Feeders and Power Plant Bus Tie
 - f. Dig America Payment – Main Street and Southwest Substation Project
6. Old Business
 - a. Wastewater Treatment Facility Levee and Improvements
 - b. Insulation for Southwest Substation
 - c. DNR Grant Extension / Resolution No. UC 2015-3
 - d. Sanitary Sewer Improvements
 - e. Melrose Underbuilt on Xcel Transmission Lines/Sempra U.S. Gas & Power/69 kV Transmission Switches
7. New Business
 - a. South Water Tower Reconditioning Engineering Proposal
 - * b. Utility Service Disconnections
 - * c. Xcel Transmission Line Re-route

8. Informational Items
 - a. Schools and Conferences
 - b. Electric and Water Comparative Statements
 - c. Boiler Repair
 - d. Rural Water Membership Certificate
 - e. LMC 2015 Legislators of Distinction
 - f. New Release from MRES - WWMPA Prices \$35 Million Refunding Bonds Issue; Bond Ratings Affirmed
 - g. CenterPoint Energy Correspondence - Rates

9. Adjournment

* Amendments

**MELROSE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
MONDAY, AUGUST 10, 2015 – 4:00 P.M.**

A.I. #1 CALL TO ORDER/ROLL CALL

The Melrose Public Utilities Commission met in a Regular Meeting on Monday, August 10, 2015 at 4:00 p.m. at the Melrose City Center pursuant to due notice being given thereof. Present were Commission Members Eric Seanger, Lyle Olmscheid, and Dick Christenson, Electrical Supervisor Dale Lyon, Water/Wastewater Coordinator Tim Vogel, Finance Director Tessa Beuning, and City Clerk Patti Haase. Chair Seanger called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried to approve the agenda as amended.

A.I. #3 CONSENT AGENDA

The following were considered for approval under the Consent Agenda:

- a) the April 16 Special Joint Meeting with the Commission, the July 13 Regular Meeting Minutes, and the July 13 Special Meeting with Industry.
- b) list of bills in the amount of \$1,284,437.89. (See attached list)
- c) Investments Report for the month of July. (See attached list)
- d) the Delinquent Accounts Report for the month of July
- e) Utility uncollectible accounts in the amount of \$94.23 have been submitted to Revenue Recapture, collections, or written off. A complete list of accounts is on file at the City Office. There was also a total of \$1,220.97 collected from account holders during this quarter.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried to approve the Consent Agenda.

A.I. #4 REPORTS

- a. Finance Director Beuning presented the Utilities Fund Financial Second Quarter Report of revenues and expenses for the Water, Wastewater and Electric Departments. Ms. Beuning noted that both the revenue and expenditures for the Water Fund are slightly below projections. However the majority of the antenna rental fees are not scheduled to be received until December. The Electric Department in total, revenues are on track for the year. As with the other utility funds, maintenance costs are running low at this point of the year, bringing total expenditures under budget.

A.I. #5 ACTION ITEMS

- a. Chair Seanger noted that as the City transitions from project driven to event driven, we look to technical experts from time to time to assist with general technical questions. The City currently contracts with DGR for similar matters for the electric system. To standardize the operations and processes in the utility, SEH has provided a similar pay-as-you-go consulting service for non-project related issues. The contract would allow up to \$10,000 to be paid as we need it as that is the same process and amount we use with DGR.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried to approve the SEH Service Agreement.

- b. 1) The Commission gave consideration to Pay Request No. 1 from the Harold K. Scholz Co for the Melrose Southwest Substation Construction in the amount of \$153,959.40.
- 2) The Commission next gave consideration to Pay Request No. 2 from the Harold K. Scholz Co for the Melrose Southwest Substation Construction in the amount of \$127,800.31.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried approving Pay Request No. 1 from the Harold K. Scholz Co for the Melrose Southwest Substation Construction in the amount of \$153,959.40 and Pay Request No. 2 from the Harold K. Scholz Co for the Melrose Southwest Substation Construction in the amount of \$127,800.31.

- c. Chair Seanger noted that the Initiative Foundation has submitted a request for support in 2015. The Initiative Foundation is seeking financial support in the amount of \$1,600. In the past, the City and Utilities have agreed to equally share in the annual pledge amounts. The contribution was approved in the 2015 budgets by both the Commission and Council.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried to approve sharing in the 2015 Initiative Foundation pledge for support.

- d. Electric Supervisor Lyon stated that bids for the 2015 Circuit 4E Underground Electric Distribution were opened on Tuesday, July 28, at 1:00 p.m. at the Melrose City Center. A total of six bids were received. The low bid was from Arvig; however, due to a mathematical error, they respectfully retracted their bid. DGR has analyzed the bid and agree that they have made a substantial error in their conduit bid units. As a result, they are recommending that the Commission release Arvig's bid security, and that their bid be considered as withdrawn. The second lowest bid was from Anderson Underground in the amount of \$176,561.75. It is DGR's recommendation to award the bid to Anderson Underground.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried awarding the bid to Anderson Underground in the amount of \$176,561.75.

- e. The Commission gave consideration to Pay Request No. 3 from Dig America in the amount of \$140,750.80 for the 2015 Electric Distribution Feeders and Power Plant Bus Tie.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried approving Pay Request No. 3 from Dig America in the amount of \$140,750.80 for the 2015 Electric Distribution Feeders and Power Plant Bus Tie.

- f. The Commission next gave consideration to a payment to Dig America for work completed for the Main Street Project and Southwest Substation in the amount of \$41,541.84, with \$19,379.86 to be billed back to Charter.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried approving the payment to Dig America for work completed for the Main Street Project and Southwest Substation in the amount of \$41,541.84, with \$19,379.86 to be billed back to Charter.

A.I. #6 OLD BUSINESS

- a. Chair Seanger stated that SEH has reviewed the information submitted by Magney and after some follow-up questions to the contractor, SEH as per the direction of the Utilities Commission awarded the contract to Magney, as described in the letter of recommendation.

The letter also identifies the levee-related cost totaled from the Contractor's bid. While Magney's overall bid was very close to our estimate, the portion of costs attributed to the levee was about \$300,000 more than SEH's estimate. The line item that was significantly different was the new disinfection building; Magney had \$803,300 in the bid and SEH had \$338,000 in our estimate (with the General Conditions and Contingency added to the \$301,000 line item).

- b. Chair Seanger noted that during the planning of the Melrose Southwest Substation the insulation was over looked. Due to the timing of the project and masonry work, a decision was needed to address the building code requirement to place insulation in the building.

DGR spoke with the architect, who completed the building design. They asked the following question: Based on the costs provided by the Contractor, what is the payback period of the two different options? The following is the architect's response: *The R values noted are correct. The payback for loose fill would be 4-7 years. Although the cost is a little more than double, the payback for foam would be 5-8 years. Assuming a 50-year building, over the life cycle of the building the foam would save about \$55,000 in energy costs over the loose fill after the cost of the material is paid back.*

Architect recommends the foam as the best option.

Loose fill \$4,400, R-value 6

Foam fill \$10,700, R-value 12

Based on this need to address the insulation and preventing the delay of the building until mid-August, Electrical Supervisor Dale Lyon, DGR, and City Administrator Brethorst jointly agreed with the Architect and approved the Change Order.

A motion was made by Mr. Christenson, seconded by Mr. Olmscheid and unanimously carried concurring with staff's decision to amend the agreement to include foam insulation.

- c. Finance Director Beuning stated that the Minnesota Department of Natural Resources (DNR) has additional grant funding available and has agreed to provide additional funding for the construction of the levee and associated improvements in the amount of \$750,000 to be equally matched. In accordance to the grant agreement, a resolution must be passed to pledge commitment to fund the 'City's Share" of the levee project; Resolution No. UC 2015-3, Committing Funds for the Levee Project.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried adopting Resolution No. UC 2015-3, Committing Funds for Levee Project. (See attached resolution)

- d. Water/Wastewater Coordinator Vogel has obtained a quote from Visu-Sewer to complete additional sanitary sewer lining. Visu- Sewer is already under contract for lining of 1st Street SW and was asked to provide a quote for completing additional work. A quote was received from Visu-Sewer for the 2015 Sanitary Sewer project, for a total price of \$24,151.50.

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried authorizing Visu-Sewer to perform additional sanitary sewer lining for a total price of \$24,151.50.

- e. Electrical Supervisor Lyon provided an update on the material purchases for the Melrose Underbuilt Project on Xcel Transmission Lines. In order to keep the project on schedule, the Commission, at its June 8 meeting, authorized staff to obtain and award bids to the best value bidder.

A.I. #7 NEW BUSINESS

- a. Chair Seanger noted that the City is in need of engineering and inspection services for the reconditioning of the 1,000,000 gallon composite style water tower. The project schedule has an estimated commencement date of April 25, 2016 and estimated completion date (substantial) of June 25, 2016. SEH proposes to complete the tasks identified under the Design Services and Construction services for a fee of \$57,700 (excluding warranty) the warranty inspection would run another \$3,500. SEH also submitted a comprehensive maintenance contract proposal to the Melrose Public Utilities for the upcoming maintenance of the 1.0 MG composite hydropillar-style water storage tank. This second option provides a full-service, comprehensive approach for maintaining the tank asset. This plan also has a five-year or ten-year option.

After further review of the proposals, a motion was made by Mr. Olmschied seconded by Mr. Christenson and unanimously carried to approve the five-year maintenance contract with SEH utilizing the equal annual payment plan.

- b. A Melrose Public Utilities account holder is in arrears for water/sewer services. The resident is requesting that service be restored without paying the past due amount in full. City Attorney Scott Dymoke has provided how to respond to unpaid utility bills when disconnection for non-payment is permitted to mirror the electric policy.

A motion was made by Christenson, seconded by Mr. Olmscheid and unanimously carried to revise the water/wastewater service policy to mirror the electric policy regarding how to respond to unpaid utility bills when disconnection for non-payment is permitted.

- c. Electrical Supervisor Lyon provided an update on the Xcel Transmission line re-route. Mr. Lyon noted that he has been in discussion with Xcel Energy, Proliant and Land O'Lakes regarding relocation of the utilities. Cost estimates have been obtained.

The Commission, by consensus, authorized Electrical Supervisor Lyon to continue discussion and negotiations on the underbuilt portion of the re-routing of the transmission line.

A.I. #8 INFORMATIONAL ITEMS

The following informational items were discussed:

- a. The following are schools and/or conferences where registrations were made:
 - 1) Civic Conference - September 24-25. Attending: Finance Director Tessa Beuning, Accounting Clerk Stacy Funk, and Human Resource Coordinator Diane Gruber.
- b. Comparative Revenue and Energy Statement for the Electric Department, and the Production and Distribution Statement for the Water Department for the month of June.
- c. Over the past few months, the City's west boiler was down for repair. The repair was needed to remove the Struvite from the boiler as it was not operating at capacity. In lieu of replacing the heat exchange tube, Water/Wastewater Operator Roger Stoermann and staff worked together to make the repairs in-house, saving the Utilities an estimated \$18,000.
- d. Certificate of Membership to the Rural Water Association.
- e. League of Minnesota Cities Legislators of Distinction for 2015. Representative Paul Anderson has been selected as a League of Minnesota Cities Legislator of Distinction for 2015.
- f. MRES News Release - Western Minnesota Municipal Power Agency prices \$35 million refunding bond issue; bond ratings affirmed.
- g. Correspondence from CenterPoint Energy regarding request for rate increase.

A.I. #9 ADJOURNMENT

A motion was made by Mr. Olmscheid, seconded by Mr. Christenson and unanimously carried that the meeting be adjourned at 4:55 p.m.

PATRICIA HAASE – CITY CLERK